

David Landsberg
President & Publisher

May 23, 2012

Docket No. MC2012-14
Docket No. R2012-8

Secretary
Postal Regulatory Commission
Washington, DC 20268

Dear Secretary:

I am writing to you to bring to your attention a recent proposition between the United States Postal Service and a publicly traded company, Valassis. This proposed Negotiated Service Agreement will give this national mailer a 22 percent to 36 percent discount on "new" advertising mail pieces beyond what it mails now. The discounts are for qualifying mail that includes inserts from national retailers of "durable and semidurable goods" – which could mean companies like Macy's JC Penney, Best Buy, Sears, Lowes, Home Depot and others. Currently these ad inserts are delivered through Sunday newspapers and in many cases, inside our TMC (shared mail packages) as well.

Essentially this proposed agreement is aimed at shifting revenues out of Sunday newspapers as well as our TMC shared mail and amounts to an unfair partnership between a governmental enterprise and a single company, Valassis.

The USPS maintains that this proposal will not cause any disruption to the marketplace, however, this is far from the reality. Not only will this give an unfair competitive advantage to Valassis over newspapers but is unlikely to create any additional business for the USPS. What is most likely is that this will create severe market disruption via downward rate pressure. Moreover, it will send a clear message to The Miami Herald and other newspapers throughout the country, that if we want to compete, we must move out of the mail stream altogether.

As an example, in 2011, The Miami Herald spent \$4,064,968 and delivered 24,008,561 packages through the USPS. Collectively, over \$500 million is being spent annually across all newspapers with the delivery of their TMC packages.

In summary, I strongly urge the Postal Service to withdraw this current proposal and study the impact further. The current proposal will not only do real financial harm and wreak havoc in the marketplace by giving an extremely one-sided, unfair competitive advantage to Valassis, but at the same time, will do nothing to improve the Postal Service's bottom line.

Sincerely,



David Landsberg